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**Latin American and Caribbean Competition Forum**

**LATIN AMERICAN AND CARIBBEAN COMPETITION FORUM - SESSION I: Competition  
and poverty**

**- Contribution from Mexico -**

28-29 September 2023

The attached document from Mexico (COFECE) is circulated to the Latin American and Caribbean Competition Forum FOR DISCUSSION under Session I at its forthcoming meeting to be held on 28-29 September 2023 to be held in Quito, Ecuador.

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## *Session I: Competition and poverty*

### *- Contribution from Mexico<sup>1</sup> -*

#### **1. Introduction**

1. The Federal Economic Competition Commission (COFECE or the Commission) was established following the 2013 reform to Article 28 of the Mexican Constitution, regarding competition. It is a competition authority with technical, operational, regulatory and budgetary autonomy.

2. Since its creation, COFECE has had an institutional strategic planning model, which it has been developing and strengthening through a process of continuous improvement. The model allows it to co-ordinate and direct its efforts towards greater and better results. Based on the prioritisation and timely monitoring of its actions, and the evaluation of results, it allows the Commission to fulfil its constitutional mandate by effectively and efficiently managing public resources through results-based performance.

3. This model consists of two phases with different time frames. In the longer term, COFECE carries out a multi-year exercise in which, every four years, it reviews whether the strategy chosen to fulfil its constitutional mandate has been effective and efficient. As part of this exercise, the Commission prepares a Strategic Plan establishing its mission, vision, institutional values, objectives and prioritisation of actions. In the shorter term, COFECE sets out annual actions aligned with the long-term strategy.

4. As part of the long-term approach, COFECE established a prioritisation of sectors to guide its efforts over the 2022–2025 period, ensuring efficient use of its human, physical and financial resources.

5. By defining priority sectors, the institution can focus its efforts on areas in which competition policy can provide the greatest benefits in terms of consumer welfare and national economic performance.

6. In its current Strategic Plan (2022-2025), COFECE identifies eight priority sectors: food and beverages, transportation and logistics, finance, construction and real estate services, energy, health, public procurement and digital markets.<sup>2</sup>

7. While these are the sectors in which the Commission is proactive, it remains committed to addressing complaints in a timely manner and initiating the corresponding procedures when it detects obstacles to competition and free participation in any market.

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<sup>1</sup> Contribution of the Federal Economic Competition Commission (COFECE).

<sup>2</sup> COFECE (2022), *Plan Estratégico 2022-2025* [Strategic Plan 2022-2025], [www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025\\_VF.pdf](http://www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025_VF.pdf).

8. In addition, in an exercise to promote competition, COFECE published the document *Market Power and Social Welfare*, presenting its “Study on the impact of market power on the welfare of Mexican households”. The study’s conclusions demonstrated the impact that competition policy interventions can have on markets and on people’s quality of life.<sup>3</sup>

9. The study’s main findings show that, due to the market power of companies, Mexican households pay 98.2% more than they should.<sup>4</sup> Similarly, it found that this overpricing affects lower-income households to a greater extent, i.e. households in decile I lose 4.42 times the percentage of income lost by households in decile X.

10. That said, the Commission is aware of the role of competition policy in markets as a way to close inequality gaps and improve the population’s quality of life. This document therefore aims to provide an overview of the main actions COFECE has taken to foster competition and promote economic welfare in strategic sectors.

11. The following section presents COFECE’s main actions focused on priority sectors, such as food and beverages, health, transportation and logistics, and energy. For each of these sectors, we examine the resolution’s impact on the creation of a more competitive, equitable and beneficial environment for the population.

## 2. Relevant cases

### 2.1. Food and beverages sector

12. In 2020, 99% of Mexican households incurred expenditure on food and beverages for consumption within the home and 32% spent money on the same products for consumption outside the home. These items accounted for 38% of total household expenditure at the national level, and 50% for households in the lowest income decile. Due to the importance of this sector, COFECE has taken multiple actions over the last four years. In particular, the Commission initiated eight investigations and four trial proceedings for anti-competitive practices in branches of activity related to food and beverages.

#### *2.1.1. Sanction for absolute monopolistic practices in the market for the production, distribution and marketing of poultry products in Mexico*<sup>5</sup>

13. Chicken consumption is the main source of protein for Mexican families, as it is the most affordable meat option in relative terms. Because of its importance, it is part of the basic food basket. In 2016, Mexican households allocated an average of 7.6% of their food spending to purchasing chicken meat.<sup>6</sup>

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<sup>3</sup> COFECE (2018), *Poder de Mercado y Bienestar Social* [Market Power and Social Welfare], Cuadernos de Promoción de la Competencia, [www.cofece.mx/wp-content/uploads/2018/10/Libro-CPC-PoderyBienestar-ver4.pdf](http://www.cofece.mx/wp-content/uploads/2018/10/Libro-CPC-PoderyBienestar-ver4.pdf).

<sup>4</sup> The analysis included 12 spending categories in 46 cities: corn tortillas, bread, chicken and eggs, beef, processed meats, dairy products, fruits, vegetables, non-alcoholic drinks, medicines, out-of-state transportation, and construction materials.

<sup>5</sup> CFC (2012), Case IO-005-2009, Federal Competition Commission, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V60/0/1700610.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V60/0/1700610.pdf).

<sup>6</sup> OECD (2018), *Market Examinations in Mexico: Case study of the chicken meat market*, [www.oecd.org/daf/competition/ENG-WEB-REPORT-Chicken-MeatMarketMexico2018.pdf](http://www.oecd.org/daf/competition/ENG-WEB-REPORT-Chicken-MeatMarketMexico2018.pdf).

14. Because of its relevance to the spending and nutrition of Mexicans, the efficient functioning of this market is fundamental to consumer welfare. To protect the purchasing power of families, particularly those with lower incomes, prices should be determined in an environment of free competition, where producers and marketers offer chicken at a competitive price and of the highest possible quality.

15. In violation of the Federal Economic Competition Law, competitors entered into agreements and exchanged information, with some poultry producers' associations acting as intermediaries and assisting, in order to establish a uniform price for the sale of chicken products.

16. Upon detecting this conduct in December 2009, the competition authority opened an ex officio investigation into alleged absolute monopolistic practices in the market for the production, distribution and marketing of poultry products in Mexico.<sup>7</sup>

17. COFECE identified that the collusive practice lasted 44 days, over different periods between 2008 and 2009, affecting the sale price in poultry stores and public markets in the Federal District (Mexico City). In monetary terms, the ex-post evaluation estimates the damage caused by the cartel to consumers at a minimum of MXN 107 million (Mexican pesos), as a result of overpricing by 32.4%, driven by the prices agreed upon by the economic agents involved in the collusion.<sup>8</sup>

18. The Commission's intervention prevented these practices from continuing to affect consumers' purchasing power and generating extraordinary profits for the colluding companies.

### ***2.1.2. Sanction for absolute monopolistic practices in the market for the production, distribution and marketing of corn tortillas in Mexico<sup>9</sup>***

19. As one of the traditional staples in the daily diet, tortillas play a fundamental role in Mexican households, providing an important source of carbohydrates. According to data from the 2014 National Household Income and Expenditure Survey, weekly per capita tortilla consumption averages approximately 1.4 kg.<sup>10</sup>

20. This shows the importance of tortillas to the basic food basket and their significance as an accessible food that is widely consumed by the population.

21. In October 2019, the COFECE Plenary ruled that various individuals engaged in absolute monopolistic practices in the market for the production, distribution and marketing of corn tortillas in the municipality of Ángel Albino Corzo, Chiapas. These practices

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<sup>7</sup> At the time the investigation began, the competition authority in Mexico was the now-defunct Federal Competition Commission, which was replaced by the Federal Economic Competition Commission following constitutional reform on telecommunications and competition in June 2013.

<sup>8</sup> COFECE (2016), *Evaluación del Impacto en el Bienestar de los Consumidores Derivado de la Sanción a Cártels en el Mercado de Pollo EVA-001-2016* [Sanction on Chicken Market Cartels: Evaluation of its Impact on Consumer Well-being, EVA-001-2016], [www.cofece.mx/cofece/phocadownload/PlaneacionE/evaluacion\\_ex\\_post\\_pollos.pdf](http://www.cofece.mx/cofece/phocadownload/PlaneacionE/evaluacion_ex_post_pollos.pdf).

<sup>9</sup> COFECE (2019), Case DE-043-2017, Federal Economic Competition Commission, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V321/0/4950348.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V321/0/4950348.pdf).

<sup>10</sup> CEDRSSA (2019), *Consumo de alimentos: Encuesta Nacional de Ingreso y Gasto de los Hogares* [Food Consumption: National Household Income and Expenditure Survey], Centro de Estudios para el Desarrollo Rural Sostenible y la Soberanía Alimentaria, Mexico City, [www.cedrssa.gob.mx/files/b/13/74ENIGH2018-Investigaci%C3%B3n.pdf](http://www.cedrssa.gob.mx/files/b/13/74ENIGH2018-Investigaci%C3%B3n.pdf).

comprised manipulating the price and imposing the obligation to sell only this product at tortilla shop counters.

22. This investigation was opened as a result of a complaint providing elements indicating anti-competitive conduct, also considering that tortillas are a fundamental part of the Mexican diet. In this context, an unjustified price increase has a direct impact on the pockets of consumers, particularly those with lower incomes.

23. The Commission found that, before the agreement, the price of tortillas was between MXN 12 and 13 per kg. Its conservative estimate was that the population overpaid MXN 1 per kg for this food from August 2017 until at least May 2018 (the period during which the practice was carried out). Thus, the damage generated by this conduct was calculated at MXN 1 260 000, in a municipality with a high degree of marginalisation. While the economic benefit of the practice – measured as the sum of the transfer of the consumer surplus and the irrecoverable loss of efficiency – was estimated at MXN 1 315 103.<sup>11</sup>

### ***2.1.3. Determining the existence of barriers to competition and free participation in the market for the supply of raw milk in the state of Chihuahua***<sup>12</sup>

24. In February 2020, the COFECE Plenary ruled that there are barriers to competition and free participation in the market for the supply of raw milk in the state of Chihuahua. These barriers are created by unnecessary requirements established in the state's Livestock Act and the Protocol for the Inspection and Analysis of the Quality and Safety of Milk, which hinder and limit the entry of raw milk products from other entities.

25. These requirements reduce the volume of milk available in the state, giving local suppliers an advantage and making the product more expensive for consumers. In addition, they directly affect Liconsa's programme aimed at serving vulnerable groups, as this input must be procured at higher prices.

26. The Commission found that the main barriers in this market are:

- the obligation to obtain state authorisation for the entry or exit of raw milk
- the specifications, procedures and methods established by the protocol for verifying the quality of raw milk, which are applied at discretionary inspection points only to products from other states
- these checks, which arise as a result of the Protocol, involve inspection times that have resulted in losses for non-local suppliers
- the Act empowers the Chihuahua Secretariat of Rural Development to implement measures to regulate milk production.

27. These barriers, mainly those created by application of the Protocol, reduce or prevent the possible participation of raw milk producers from municipalities in

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<sup>11</sup> COFECE (2019), *Beneficio económico de las intervenciones de la COFECE, Evaluaciones ex ante 2019* [Economic Benefit of COFECE Interventions: Ex ante evaluations 2019], [www.cofece.mx/wp-content/uploads/2020/07/Beneficio-econ%C3%B3mico-de-las-Intervenciones-de-la-COFECE-2019.pdf](http://www.cofece.mx/wp-content/uploads/2020/07/Beneficio-econ%C3%B3mico-de-las-Intervenciones-de-la-COFECE-2019.pdf).

<sup>12</sup> COFECE (2020), Case IEBC-002-2017, Federal Economic Competition Commission, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V331/1/5101579.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V331/1/5101579.pdf).

Aguascalientes, Coahuila, Durango, Guanajuato, Jalisco, Nuevo León, San Luis Potosí, Sinaloa, Sonora and Zacatecas.

28. In addition, these barriers drove up raw milk prices in the state, either because local producers increased the price of the product due to reduced supply, or due to increased logistics costs for out-of-state producers and the risk of loss at inspection points. This resulted in overpricing of between 22 and 26 cents per litre, generating losses of MXN 279 879 000 between April 2017 and April 2018.

29. To eliminate the aforementioned barriers to competition, the COFECE Plenary issued the following recommendations:

- Abrogate the protocol.
- Repeal Articles 16 and 20, subsection f of Agreement 184/2017, which created the Consultative Council for Milk and Dairy Products of the State of Chihuahua, in order to remove the mandatory nature of the agreements made by this Council.
- Amend Section I of Article 126 and Section II of Article 131 of the Livestock Act to: i) specify that the authority of the Chihuahua Secretariat of Rural Development to regulate milk production refers to the product complying with health standards, without this empowering it to discriminatorily limit the entry of milk from out of state; and ii) provide certainty as to how product inspections would be carried out, since this is only to verify that the milk transported is the one referred to in the documentation.

## 2.2. Health sector

30. The health event caused by the SARS-CoV2 virus has reiterated the importance of the health sector, which had a 2.3% share of gross domestic product (GDP) in 2020 and grew by 3.4% between 2016 and 2020. However, in 2020, 54% of households reported spending on health-related items, especially on medical services (30%) and prescription medicines (31%). Between 2018 and 2021, the Commission began various trial proceedings in the markets for the production, distribution and marketing of medicines, public procurement of laboratory and blood bank studies, and toothbrushes, condoms and latex probes.<sup>13</sup>

### *2.2.1. Sanction for absolute monopolistic practices in public tenders for the procurement of medicines for the Mexican Social Security Institute<sup>14</sup>*

31. The human right to health can be defined as “... the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.”<sup>15</sup> In Mexico, this right is guaranteed by the National Health System, which is made up of (federal or local) public administration agencies and entities that provide health services, and co-ordination mechanisms to comply with the right to health protection.

<sup>13</sup> COFECE (2022), *Plan Estratégico 2022-2025* [Strategic Plan 2022-2025], [www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025\\_VF.pdf](http://www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025_VF.pdf).

<sup>14</sup> CFC (2010), Case IO-003-2006, Federal Competition Commission, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V33/16/1312286.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V33/16/1312286.pdf).

<sup>15</sup> Article 12 of the International Covenant on Economic, Social and Cultural Rights, ratified by Mexico in 1981. Available at: [https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg\\_no=IV-3&chapter=4&clang=en](https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=IV-3&chapter=4&clang=en).

32. As part of the National Health System, the Mexican Social Security Institute (IMSS) provides social security services to more than 58 million Mexicans, i.e. 49% of the national population. Procuring medicines is one of its basic tasks to guarantee the health of its beneficiaries. This activity makes IMSS the main consumer of materials and supplies.

33. In this context, the efficiency of IMSS procurement is essential for two reasons. First, because of the positive impact of timely procurement and supply of medicines on the quality of health services. Second, because public resources need to be used correctly, in order to ensure maximum value for money through optimal contracting conditions.

34. In 2006, the now-defunct Federal Competition Commission sanctioned various pharmaceutical companies and individuals a total of MXN 151 679 345 for establishing, agreeing and co-ordinating bids in public IMSS calls for tenders for medicines, particularly insulin and serums, between 2003 and 2006.

35. The analysis revealed that bidders had almost identical winning bids, but were taking turns winning a contest. Between 2003 and 2006, the winning bids of the four main bidders were high, stable and almost identical. In other words, they agreed on an overpriced winning bid, as well as the losing bids, and in the following bidding process, the winner of the previous tender became the loser by bidding a higher price.

36. This repeated behaviour was attractive to economic agents because, despite losing some tenders, the benefits of the collusive agreement were so high in the processes that they did win, that they exceeded the potential profits to be gained by acting independently and competitively. It is estimated that, on average, IMSS overpaid by 2.9% for its procurement of intravenous solutions and by 57.6% for its procurement of human insulin, due to the price fixing agreements established by the colluding companies, which caused economic damage of MXN 662 700 000 from 2003 to 2005.

37. The ex-ante analysis of the intervention's economic benefit showed that the total annual benefit of the five conducts amounted to MXN 1 126 439 999, while the estimated benefit for the entire period was MXN 3 258 488 778.<sup>16</sup>

The ex-post analysis conducted by COFECE estimated that, if the companies involved in this case had not colluded (thus avoiding the damage noted above), the IMSS could have acquired, for example, 47 tomography units, 727 ambulances and 2 168 incubators or built 5 clinics, each with 10 medical offices.<sup>17</sup>

### ***2.2.2. Sanction for absolute monopolistic practices in the market for the production, distribution and marketing of medicines in Mexico***<sup>18</sup>

38. The medicine market is relevant because of its impact on people's health and lives, since it has a significant impact on household spending and is of utmost importance for the national economy. According to data reported by the National Institute of Statistics and

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<sup>16</sup> COFECE (2021), *Beneficio económico de las intervenciones de la COFECE 2021, Evaluaciones ex ante* [Economic Benefit of COFECE Interventions 2021: Ex-ante evaluations], [www.cofece.mx/wp-content/uploads/2022/06/Beneficio\\_economico\\_intervenciones\\_COFECE\\_2021.pdf](http://www.cofece.mx/wp-content/uploads/2022/06/Beneficio_economico_intervenciones_COFECE_2021.pdf).

<sup>17</sup> COFECE (2015), *Estimación de los beneficios obtenidos por la sanción de un cártel en licitaciones públicas del IMSS en México* [Estimate of the Benefits Obtained from the Sanctioning of a Cartel in IMSS Public Tenders in Mexico], [www.cofece.mx/attachments/article/37/IMSS\\_Evaluacion\\_ex-post.pdf](http://www.cofece.mx/attachments/article/37/IMSS_Evaluacion_ex-post.pdf).

<sup>18</sup> COFECE (2021) Case IO-001-2016, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V351/0/5523892.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V351/0/5523892.pdf).

Geography (INEGI), in 2020, households allocated around 4% of their income to recurrent spending on health care, of which 44% was for medicines.<sup>19</sup>

39. In May 2016, COFECE began an investigation into possible absolute monopolistic practices in the market for the production, distribution and marketing of medicines in Mexico. The Commission identified atypical variations in the pricing trends of various drugs that did not respond to the conditions of market competition. It also identified the existence of communication channels in the industry that facilitated information exchange between companies.

40. The Commission found three anti-competitive practices in the medicine market, particularly in the medicine distribution link. As a result, it was discovered that several agents established commercial conditions for pharmacies based on collusive agreements, implemented since 2006, with the aim of restricting supply and fixing, manipulating and increasing the price of the medicines distributed. These practices caused damage to Mexican families, particularly those with lower incomes. The sanctioned practices are estimated to have cost Mexicans more than MXN 2 359 000 000. As a result, the COFECE Plenary sanctioned the agents involved in these practices with fines totalling MXN 903 479 000.

### 2.3. Energy sector

41. This sector accounted for 10% of household spending at the national level and 12% among the lowest income deciles. However, the power generation, transmission and distribution sector grew by just 0.25% between 2017 and 2020. In the 2018–2021 period, COFECE launched an investigation into the market for the generation, wholesale marketing and supply of electricity. In addition, the Commission issued five opinions related to the sector over this same period.<sup>20</sup>

#### *2.3.1. Sanction for absolute monopolistic practices in the market for the distribution and marketing of liquefied petroleum gas in Mexico*<sup>21</sup>

42. Liquefied petroleum gas (LPG) is a basic consumer good that directly impacts consumers' purchasing power. In Mexico, it is the main fuel that families and businesses use for cooking and heating water and homes. According to INEGI data, eight in ten families use it as their main fuel for cooking food.<sup>22</sup>

43. The Commission became aware of actions that constitute absolute monopolistic practices, namely contracts, agreements or arrangements between competing economic agents, the aim or effect of which was to manipulate prices, restrict or limit supply or demand, divide or segment markets, agree on bids in tenders, and exchange information with any of the above-mentioned aims or effects.

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<sup>19</sup> INEGI (2021), “Comunicado de prensa Núm. 570/21” [Press release No. 570/21], [www.inegi.org.mx/contenidos/saladeprensa/aproposito/2021/EAP\\_POBREZA2021.pdf](http://www.inegi.org.mx/contenidos/saladeprensa/aproposito/2021/EAP_POBREZA2021.pdf).

<sup>20</sup> COFECE (2022), *Plan Estratégico 2022-2025* [Strategic Plan 2022-2025], [www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025\\_VF.pdf](http://www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025_VF.pdf).

<sup>21</sup> COFECE (2022), Case DE-022-2017, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V355/2/5853162.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V355/2/5853162.pdf).

<sup>22</sup> INEGI (2018), *Encuesta Nacional sobre Consumo de Energéticos en Viviendas Particulares* [National Survey on Energy Consumption in Private Homes], [www.inegi.org.mx/contenidos/programas/encevi/2018/doc/encevi2018\\_presentacion\\_resultados.pdf](http://www.inegi.org.mx/contenidos/programas/encevi/2018/doc/encevi2018_presentacion_resultados.pdf).



44. Through these practices, the economic agents agreed to maintain their market shares and avoid competing among themselves. This resulted in the supply conditions of this important energy source deteriorating, as well as undue overpricing.

45. According to the ex-ante analysis, the total economic benefit generated by suppressing these practices was MXN 2 411 852 337.<sup>23</sup>

46. As a result, the COFECE Plenary determined that, from 2007 to 2019, the offenders caused damage estimated at MXN 13 392 548 798. Considering the magnitude of the damage, the intentional nature of the conduct and the significance of the affected market for general welfare, the practices were classified as extremely serious and fines were imposed for a total of MXN 2 414 051 954.

## 2.4. Transport sector

47. In 2020, transportation and logistics activities accounted for 8.5% of GDP. That same year, 94.8% of households incurred expenditure in this sector, which accounted for 20% of household expenditure at the national level. In particular, it should be noted that spending on public transportation accounted for between 4.5% and 5% of expenditure for the three lowest income deciles. In the 2018–2021 period, the Commission opened two investigations and four trial proceedings in markets related to this sector. In addition, in 2020, COFECE issued its first declaration on the absence of effective competition conditions in 21 markets for the rail transportation of chemicals and petrochemicals in Veracruz.<sup>24</sup>

### 2.4.1. Sanction for absolute monopolistic practices in the freight transportation market<sup>25</sup>

48. Freight transportation services have a significant impact on the production costs of all industries, since most goods are moved to the different regions of the country via these services. According to data published by the National Chamber of Freight Transport (CANACAR), in 2020, freight transportation services moved 512.7 million tonnes of product, which represents 81% of land freight and 56.9% of total domestic freight.

49. In 2010, the Federal Competition Commission sanctioned CANACAR for aiding and encouraging its union members to carry out an illegal agreement to directly pass on fuel price increases, mainly for diesel, to its clients through the fuel adjustment charge, causing an artificial increase in the prices of freight transportation services.

50. In November 2008, the Federal Competition Commission received a complaint alleging that CANACAR and some of the members of its National Executive Board were making agreements or arrangements among competitors to raise or manipulate the price of freight transportation services.

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<sup>23</sup> COFECE (2022), *Beneficio económico de las intervenciones de la COFECE, Evaluaciones ex ante 2022* [Economic Benefit of COFECE Interventions: Ex-ante Evaluations 2022], [www.cofece.mx/wp-content/uploads/2023/05/Beneficio-economico-de-las-intervenciones-de-la-COFECE-2022.pdf](http://www.cofece.mx/wp-content/uploads/2023/05/Beneficio-economico-de-las-intervenciones-de-la-COFECE-2022.pdf).

<sup>24</sup> COFECE (2022), *Plan Estratégico 2022-2025* [Strategic Plan 2022-2025], [www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025\\_VF.pdf](http://www.cofece.mx/wp-content/uploads/2022/03/PE2022-2025_VF.pdf).

<sup>25</sup> CFC (2010), Case DE-153-2008, Federal Competition Commission, [www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V76/9/1765469.pdf](http://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V76/9/1765469.pdf).

51. The Federal Competition Commission investigation found that, in 2008, CANACAR conducted a technical study to determine an adjustment factor for carriers to apply to their service prices, based on the monthly price increases for diesel. Through this mechanism, it promoted the transfer of these increases, in an agreed and uniform manner, to its users. Doing so prevented individual transporters from deciding whether to absorb part or all of this increase in the price of diesel, according to market conditions and their bargaining power with their customers – as happens under competitive conditions.

52. In the ex-post evaluation of the case, it was estimated that the inflation observed in the freight transportation market during the period in which the practice was committed was 3.2% higher due to the existence of the anti-competitive practice.<sup>26</sup>

### 3. Challenges

53. COFECE faces several challenges in its mission to foster competition and promote economic welfare in Mexico through competition policy. These challenges range from identifying anti-competitive practices in different sectors to effectively implementing corrective measures and raising awareness of the impact of competition policy on economic development.

54. First, COFECE must constantly monitor the situation, in order to identify and sanction anti-competitive practices that affect efficient market functioning. This means having the necessary resources and capabilities to conduct thorough investigations and rigorous legal processes. In addition, the Commission must have a solid legislation and regulatory framework to provide it with the tools needed to face current and future challenges.

55. Another important challenge is ensuring that the corrective measures and resolutions issued by the Commission are effectively implemented. It is essential that these decisions are carried out in a timely manner and monitored to ensure that markets remain competitive and that benefits reach consumers. This requires close collaboration with other institutions and authorities responsible for regulating and supervising the relevant economic sectors.

56. Raising awareness of the benefits of competition policy enforcement is another important challenge. It is essential that both economic agents and society in general understand the benefits of competition and how it can help reduce inequality and improve the welfare of the population. COFECE is responsible for disseminating clear and accessible information on the positive effects of competition on the economy and how it can drive inclusive growth.

57. Competition policy plays a fundamental role in the fight against poverty. Promoting competition in markets fosters economic efficiency, reduces the prices of goods and services, stimulates innovation and generates more opportunities for entrepreneurs and

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<sup>26</sup> COFECE (2015), *Evaluación del impacto de una práctica colusiva en el mercado de autotransporte de carga en México* [Evaluation of the Impact of a Collusive Practice in the Mexican Freight Transportation Market], [www.cofece.mx/cofece/phocadownload/PlaneacionE/cofece\\_evaluacion\\_mercado\\_de\\_autotransporte\\_de\\_carga.pdf](http://www.cofece.mx/cofece/phocadownload/PlaneacionE/cofece_evaluacion_mercado_de_autotransporte_de_carga.pdf).

small businesses. This translates into greater access to quality goods and services at lower prices, which benefits the most vulnerable sectors of society in particular.

58. In conclusion, COFECE faces significant challenges in its efforts to foster competition and promote economic welfare in the country. However, effectively implementing competition policies and creating a competitive environment in strategic sectors can significantly help reduce poverty and improve quality of life among the general population. The Commission plays a key role in this regard, and its work is essential to ensuring that the benefits of competition reach all Mexicans.